

United States Senate

WASHINGTON, DC 20510

April 29, 2014

The Honorable Tom Wheeler
Chairman
Federal Communications Commission
445 12th Street, Southwest
Washington, DC 20554

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Dear Chairman Wheeler:

We write to request an update on efforts to protect consumer choice in the secondary market for used mobile devices. We appreciate the work the Commission did to conclude the voluntary agreement with the carriers to make the unlocking process easier for individual consumers. Nevertheless, we remain concerned in some cases the bulk unlocking process is needlessly complicated and cumbersome for consumers using third-party resellers to unlock their wireless phones.

As you know, many consumers seeking to upgrade mobile phones will sell their used devices to have funds necessary to purchase a new device or otherwise responsibly reduce clutter. Unfortunately, it is much more difficult for owners of phones which are locked to a carrier to find a second life for their phones. In the past, bulk resellers have been able to buy old locked phones at rates comparable to that of unlocked phones, and handle the unlocking process—which can be a tedious and multi-day affair for an individual consumer—on behalf of their customers. These resellers depend on established relationships with carriers to unlock phones quickly and efficiently, so long as appropriate identifying information is presented and contractual obligations have been met.

However, as reported by the *Wall Street Journal*, at least one carrier has stopped accepting bulk unlocking requests by resellers, reducing the resale value of a used device by as much as \$100. This action can suppress competition in the resale market, making it more difficult for consumers who would like to put old devices to good use and reducing the supply for buyers who might not be able to afford a phone at full price. We are concerned that this decision threatens a formerly vibrant used mobile device market in which consumers received competitive offers for their eligible devices regardless of whether the device was locked.

We strongly believe consumers should be able to realize the value in the mobile devices they already own in the same way consumers enjoy most personal and real property. We are pleased with CTIA's voluntary mobile wireless device unlocking commitment, announced December 12, 2013, and recognize the commitment as an important step in enabling consumers to freely use the mobile devices they rightfully own. However, the commitment does not address legitimate resellers, and we encourage the Commission to work with the carriers to address our concerns.


We also want to emphasize that we support efforts by carriers and law enforcement agencies to stop the proliferation of devices obtained by theft or fraud. Many of us are at the forefront of the effort in the Senate to eliminate mobile device theft and associated violent crime. We agree that new devices should not be bought and sold under fraudulent circumstances so as to immediately capture the carrier's subsidy for a mobile device. However, there exist legitimate resellers who have strict checks in place and vet customers using the same comprehensive lost or stolen device database used by wireless carriers. Accordingly, we should work to promote consumers' ability to engage in business with legitimate resellers.

We appreciate your attention to important issue on behalf of consumers and look forward to hearing what steps are being taken in this important area.

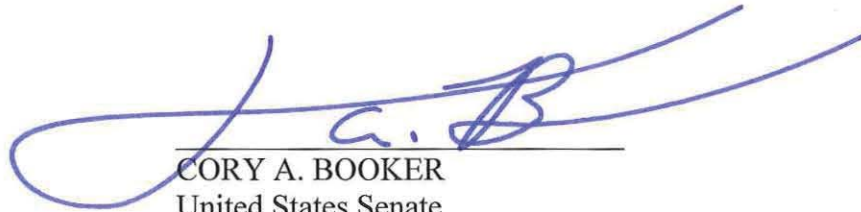
Sincerely,



RICHARD BLUMENTHAL
United States Senate



AMY KLOBUCHAR
United States Senate



CORY A. BOOKER
United States Senate



MARK R. WARNER
United States Senate



EDWARD J. MARKEY
United States Senate



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 17, 2014

The Honorable Richard Blumenthal
United States Senate
724 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Blumenthal:

Thank you for your letter asking for an update on the Commission's efforts to protect consumer choice in the secondary market for used mobile devices, specifically as it relates to the process for third-party resellers to unlock phones. I agree with you that consumers benefit from mobile device resale opportunities, and I am committed to supporting business that want to engage in the legitimate resale of second-hand devices. Apparently, some providers seem to link the bulk resale of devices with theft and fraud and this may affect the ability of third-party resellers to unlock phones.

As I indicated to CTIA in my letter in November 2013, I expect the wireless industry to resolve device unlocking issues without the need for regulation. Consistent with my focus on voluntary industry activity to promote competition and consumer choice, I have included device resellers in the discussion on deterring theft and fraudulent resale of mobile devices that will take place at the Commission this week. If, however, the industry cannot resolve these issues on its own, I am open to exploring a rulemaking in this area, as the National Telecommunications & Information Association encouraged us to do.

I appreciate your concern on this important issue and look forward to working with you, Congress, and all stakeholders to protect consumers' interests and choices in the secondary market.

Sincerely,

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Tom Wheeler



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

June 17, 2014

The Honorable Mark Warner
United States Senate
475 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Warner:

Thank you for your letter asking for an update on the Commission's efforts to protect consumer choice in the secondary market for used mobile devices, specifically as it relates to the process for third-party resellers to unlock phones. I agree with you that consumers benefit from mobile device resale opportunities, and I am committed to supporting business that want to engage in the legitimate resale of second-hand devices. Apparently, some providers seem to link the bulk resale of devices with theft and fraud and this may affect the ability of third-party resellers to unlock phones.

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Tom Wheeler



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

June 17, 2014

The Honorable Ed Markey
United States Senate
218 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Markey:

Thank you for your letter asking for an update on the Commission's efforts to protect consumer choice in the secondary market for used mobile devices, specifically as it relates to the process for third-party resellers to unlock phones. I agree with you that consumers benefit from mobile device resale opportunities, and I am committed to supporting business that want to engage in the legitimate resale of second-hand devices. Apparently, some providers seem to link the bulk resale of devices with theft and fraud and this may affect the ability of third-party resellers to unlock phones.

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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

June 17, 2014

The Honorable Amy Klobuchar
United States Senate
302 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Klobuchar:

Thank you for your letter asking for an update on the Commission's efforts to protect consumer choice in the secondary market for used mobile devices, specifically as it relates to the process for third-party resellers to unlock phones. I agree with you that consumers benefit from mobile device resale opportunities, and I am committed to supporting business that want to engage in the legitimate resale of second-hand devices. Apparently, some providers seem to link the bulk resale of devices with theft and fraud and this may affect the ability of third-party resellers to unlock phones.

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Tom Wheeler



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

June 17, 2014

The Honorable Cory Booker
United States Senate
141 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Booker:

Thank you for your letter asking for an update on the Commission's efforts to protect consumer choice in the secondary market for used mobile devices, specifically as it relates to the process for third-party resellers to unlock phones. I agree with you that consumers benefit from mobile device resale opportunities, and I am committed to supporting business that want to engage in the legitimate resale of second-hand devices. Apparently, some providers seem to link the bulk resale of devices with theft and fraud and this may affect the ability of third-party resellers to unlock phones.

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